



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0154	<b>Title:</b>	Authorize issuance of enhanced drivers licenses
<b>Primary Sponsor:</b>	Gillan, Kim	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>					
General Fund	\$0	\$201,069	\$388,174	\$681,853	\$678,389
State Special Revenue	\$0	\$0	\$0	\$0	\$0
<b>Revenue:</b>					
General Fund	\$0	\$115,434	\$307,800	\$538,650	\$538,650
State Special Revenue	\$0	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>(\$85,635)</u>	<u>(\$80,374)</u>	<u>(\$143,203)</u>	<u>(\$139,739)</u>

### **Description of fiscal impact:**

Implementation of the Enhanced Driver License (EDL) / Enhanced Identification Card (EID) program would increase general fund revenue; increase expenditures for personal services and operating costs which are funded by general fund and highway state special revenue fund; and increase authorized FTE by a total of 7.00 FTE at the completion of the implementation period. The negative impact to the general fund would be \$166,009 for the 2011 biennium.

### **FISCAL ANALYSIS**

#### **Assumptions:**

1. SB 154 provides for the issuance of enhanced driver licenses (EDL) and enhanced identification cards (EID) for eligible Montana citizens to provide an identification documentation to facilitate the holder's travel across the US borders.
2. Implementation of the EDL/EID program would consist of three phases over a three-year period.
3. Programming efforts would begin in July 2009 and be completed by October 1, 2009 (FY 2010).
4. Phase one would focus on implementation in two driver licensing offices beginning October 2009 and would be completed with by the end of FY 2010 including the EDL/EID program design, business rules, staffing, training, equipment acquisition, installation, and testing.

5. The second phase of the EDL program would add two additional EDL/EID sites in FY 2011 and the third phase in FY 2012 would add three additional EDL/EID sites.
6. At the end of the three year implementation period the EDL/EID program would be accessible in the Billings, Bozeman, Helena, Glasgow, Great Falls, Kalispell, and Missoula driver licensing offices.
7. Each EDL/EID application adjudication technician will need extensive, specialized initial and on-going training in fraudulent document identification, adjudication protocol, information validation processes, and the EDL/EID system processes.
8. This phased implementation would increase staffing levels an additional 1.50 FTE in FY 2010 for the first phase (2.00 FTE x .75 year). The second phase would require an additional 2.00 FTE in FY 2011 and an additional 3.00 FTE in FY 2012 to fully staff and support the EDL/EID program at all seven sites.
9. Salary and benefits expenditures would increase by \$62,635 in FY 2010 for 1.50 FTE; \$169,431 in FY 2011 for 4.00 FTE; \$301,048 in FY 2012 for 7.00 FTE; and \$311,006 in FY 2013 for 7.00 FTE.
10. One-time operating expenses for new employee office packages and computer equipment for the new FTE would be \$5,200 in FY 2010; \$5,200 in FY 2011; and \$ 7,800 in FY 2012. Additionally, there would be one-time network and telecommunications wiring installation (\$300 each) and office modification to provide private interview space (\$1,000 each) costs estimated at \$2,600 in FY 2010; \$2,600 in 2011, and \$3,900 in FY 2012 as well as rule making expenditures of \$750 in FY 2010.
11. A bar code reader will be required for each of the seven EDL/EID sites and headquarters, and a RFID (chip) reader and a machine readable zone reader for headquarters for the validation process. At an estimated cost of \$1,000 for each reader, operating expenditures will increase \$5,000 in FY 2010 (\$2,000 for the two EDL/EID sites and \$3,000 for all readers acquired for headquarters); \$2,000 in FY 2011 (two additional EDL/EID sites); and \$3,000 in FY 2012 (three additional final EDL sites). It is assumed that each of these readers would be on a five-year replacement cycle.
12. The increase in annual operating expenses in years 2010 through 2012 results from development and implementation at new sites each year and the continuing operating costs at each site. Operating costs for nationwide fingerprint background checks, network and telephone communications, office supplies, are based on ten percent of personal services expenditures. Additionally operating costs for initial and going specialized training course costs and out-of-state travel are estimated at \$3,000 annually for each FTE. Thus, operating costs are projected to increase 12,264 in FY 2010; \$28,943 in FY 2011; \$51,105 in FY 2012; and \$52,383 in FY 2013.
13. To configure the Montana Enhanced Registration and Licensing Information Network (MERLIN) system to be in compliance with SB 154, approximately 282 hours of programming time will be required which will be contracted by Justice Information Technology Services Division to the system contractor. The total cost for this programming service will be approximately \$45,120. Programming work will begin in FY 2009 and be completed in FY 2010. Payment of programming invoices will be based on satisfactory completion of milestones and it is assumed that no milestones will be completed until FY2010.
14. It is assumed that funding of the expenditures would come from the general fund.
15. It is anticipated that 2,250 EDL/EID applications can be processed annually by an FTE. Therefore, approximately 3,375 EDL/EID applications would be processed in FY 2010; 9,000 in FY 2011; 15,750 in FY 2012; and 15,750 in FY 2013.
16. Production of each EDL/EID card is estimated to cost \$20 above the current contract cost for driver licenses and ID cards due to the requirement for a card production format meeting the requirements of the Department of Homeland Security. Therefore, operating costs for card production are expected to increase by \$67,500 in FY 2010; \$180,000 in FY 2011; \$315,000 in FY 2012; and \$315,000 in FY 2013.
17. Assuming 90 percent of the EDL/EID applications processed are for the enhanced driver's license and 10 percent are for the enhanced identification card, it is anticipated that 3,038 EDLs and 337 EIDs will be processed in FY 2010; 8,100 EDLs and 900 EIDs in FY 2011; and 14,175 EDLs and 1,575 EIDs in FY 2012 and in FY 2013.

18. It is assumed that the fees for the EDL/EID application process would be collected at the time of the initial application and would only be collected at the state application sites.
19. Distribution for the revenues is not specified in SB 154; therefore, it is assumed that the EDL/EID application fees would be treated as general fund revenue.
20. If the cost for an EDL application is \$36, in addition to the fees currently required in 61-5-111 and 61-12-504, MCA, general fund revenue would increase approximately \$109,368 in FY 2010; \$291,600 in FY 2011; and \$510,300 in FY 2012 and in FY 2013.
21. If the cost for an EID application is \$18, in addition to the fees currently required in 61-5-111 and 61-12-504, MCA, general fund revenue would increase approximately \$6,066 in FY 2010; \$16,200 in FY 2011; and \$28,350 in FY 2012 and in FY 2013.

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>					
FTE	0.00	1.50	4.00	7.00	7.00
<b><u>Expenditures:</u></b>					
Personal Services	\$0	\$62,635	\$169,431	\$301,048	\$311,006
Operating Expenses	\$0	\$138,434	\$218,743	\$380,805	\$367,383
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$201,069</u>	<u>\$388,174</u>	<u>\$681,853</u>	<u>\$678,389</u>
<b><u>Funding of Expenditures:</u></b>					
General Fund (01)	\$0	\$201,069	\$388,174	\$681,853	\$678,389
<b><u>Revenues:</u></b>					
General Fund (01)	\$0	\$115,434	\$307,800	\$538,650	\$538,650
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>					
General Fund (01)	\$0	(\$85,635)	(\$80,374)	(\$143,203)	(\$139,739)

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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